



Letter to Shareholders

From our Executive Chairman and our President and Chief Executive Officer

This past July, Principal marked its 145th anniversary. That's more than 14 decades pursuing our purpose—helping more people and businesses gain access to financial security. Around the world, nearly 20,000 employees proudly contribute to this impressive legacy every day, anticipating and meeting the evolving financial needs of 70 million customers¹.

In 2024 we also announced a CEO leadership transition, which became official in January 2025. Principal has a strong track record with succession planning—over many decades and at all levels. As leaders, we are stewards of this great company, and one of the most important responsibilities we have is setting the organization up for future success.

We both feel extremely fortunate to have spent our careers at Principal, charting different and complementary paths to the role of CEO, along the way developing a deep understanding of customers' needs and how Principal is uniquely positioned to meet them wherever they are in life. Together, over the past three years, we led a strategic review and co-architected the resulting enterprise strategy—designed to carry Principal through its next chapter.

After a transformative decade, and with the organization fully aligned behind our purpose and strategy, we're confident this will be a smooth transition.

Playing to strengths

Principal has a long legacy of intentional transformation—evolving to go after the most attractive opportunities where we have a right to win. From our founding in 1879 through our IPO in 2001 and now today, this mindset has driven growth and value creation for all stakeholders.

Today we are a powerful, integrated provider of financial security globally. And we are well-positioned to leverage leading market positions to win within and across our businesses.

We continue to believe success is rooted in focus across three attractive growth drivers—the opportunities that best align with our market leadership, competitive advantages, and integrated portfolio. These are: the small and mid-sized business market, the retirement ecosystem, and global asset management. Here's how we pursued these growth drivers in 2024:

¹ As of Dec. 31, 2024.

Small and midsize business (SMB) market

We've long been a leader to this segment of the market, which we define as employers with less than 1,000 employees. These businesses are big when it comes to job creation, job growth, and contribution to the U.S. economy, not to mention incredibly resilient. And this market represents an estimated \$90 billion opportunity for Principal, across retirement and insurance². We have deep expertise in this segment, are uniquely built to serve its needs, and our extensive distribution network positions us strongly to access more SMBs across the U.S.

Significant achievements:

- Today a good portion of our growth is driven by our commitment to the SMB market. Within retirement, 2024 SMB recurring deposits grew 8 percent from 2023, stronger than our total block. Within that same time frame in Benefits and Protection, group benefits premium and fees grew 7 percent, and business market life insurance premium and fees grew 16 percent.
- We have a track record of outperformance in the SMB market. Looking at our five-year compound annual growth rate, group benefits premium and fee growth is more than 2 percentage points above the industry³. Asset growth within the SMB segment of retirement outperforms the industry by more than 8 percentage points⁴.
- Eighty percent of SMB customers have more than two products with Principal. And we have strong retention: Our SMB customer base has been doing business with us on average for 10 years.
- Through organic and inorganic growth we've become the largest provider of employee stock ownership plans in the country⁵, strengthening the suite of services we offer and directly supporting our SMB customers.

The retirement ecosystem

Retirement in the U.S. represents a \$110 billion annual profit pool², and competitors generally operate as recordkeepers or asset managers. We're combining the best of both, creating multiple pathways to unlock value through recordkeeping, asset management, retirement income, and advice for personal investing. Today we're an at-scale retirement leader focused on expanding our offerings and building competitive advantage, with the workplace at the center of our strategy.

Recent successes include:

- We've expanded our suite of target date offerings to include both personalized and passive options, addressing the evolving needs of plan sponsors and participants. Target date funds now represent the majority of our retirement plan deposits, demonstrating their critical role in helping participants achieve their long-term financial goals.
- We continue to build out our suite of education and advisory services for individuals, recognizing their need for personal investing advice and our unique ability to help. In 2024 we migrated our entire benefit event service center to an advice model; 90 percent of our plans have adopted the service. This buildout continues to be a critical initiative for 2025 and beyond.

² Reflects the views of Principal based on industry and proprietary analysis.

³ Premium and fee growth: LIMRA-CAGR 2018-2023, Benefits and Protection customers with 1,000 or less lives; industry peer margin includes Guardian, Lincoln National, MetLife, Prudential Financial, The Standard, Sun Life, Unum, Voya Financial.

⁴ PlanSponsor DC Recordkeeping survey (assets and participants CAGR 2018-2023) for plan asset size less than \$200 million.

⁵ Based on number of plans, 2024 PLANSPONSOR Recordkeeping Survey, July 2024.

- Two highlights in income solutions: We introduced our second registered index-linked annuities (RILA) product in two years, which brought full year 2024 RILA sales to \$1.3 billion. Our complete pension solutions continue to be a valuable source for new business, including strength from pension risk transfers, totaling \$3.1 billion in 2024.

Global asset management

There are market shifts underway within global asset management, widening the performance gap among industry players. Principal is uniquely positioned to seize these opportunities and achieve sustained, above-industry growth within this annual profit pool of \$180 billion². Our success stems from favored access across the U.S. retirement ecosystem, a large and diverse global institutional client base, an at-scale and expanding private market platform, and long-standing international partnerships in high-growth markets.

Notable highlights include:

- Principal currently manages \$140 billion of institutional assets for more than 600 clients, with deep expertise in insurance and pension funds. Our institutional clients are located in more than 40 different countries, and one-third of them have been with us for over a decade. That's a powerful testament to our ability to deliver results. The recent integration of our asset management operations around the world is only strengthening our capabilities with this important segment.
- A key area of focus is on growing our private market solutions, and we're gaining traction in next-generation real estate and credit strategies with clients globally. Our record-setting Data Center Growth & Income Fund has raised over \$3.6 billion across 11 countries. Other examples include a private credit real estate investment trust ("REIT") fund launch and the buildout of a private infrastructure debt team.
- For the 13th consecutive year, Principal Asset Management was named a Best Place to Work in Money Management by Pensions & Investments, earning this recognition every year since the inception of the award. Recognition like this helps us benchmark progress, attract and retain top talent, and stand out in the competitive marketplace.

Across the enterprise, investments in technology are enabling us to capitalize on opportunities for growth and meet customers' changing needs with speed and agility. Ninety-four percent of Principal engineers are spending less time developing code. Digitized and automated functions are improving customer satisfaction in our engagement centers. Automated asset management research, portfolio modeling, and trading capabilities have delivered increased team efficiency of 10%-30%. Within dental and disability claims, increased effectiveness is delivering a return on investment of 3x to 5x. These are just a few examples of technology strengthening our ability to execute our strategy.

Translating strength into results

Healthy business fundamentals, continued growth, and positive markets generated strong earnings in 2024, and we delivered on long-term growth and financial targets. Strategic focus on higher growth markets, an integrated product portfolio, and proven distribution relationships continue to unlock value and drive growth for stakeholders.

- Full-year non-GAAP operating earnings per diluted share, excluding significant variances of \$7.65, increased 11%, in line with our long-term guidance of 9-12%. Earnings per share growth

was driven by strong top-line growth, equity market tailwinds, and active return of capital (For impacts of significant variances, see non-GAAP financial measure reconciliations in Appendix B).

- We ended 2024 with \$712 billion of total company assets under management and \$1.7 trillion in assets under administration.
- We continue to be in a strong excess and available capital position of \$1.6 billion.

These results enable us to deliver for you. We returned \$1.7 billion to shareholders during the year. We remain committed to maximizing your investment in Principal.

Charting a new chapter

Principal has a compelling strategy and the right mix of businesses, capabilities, and talent, to help us grow now and well into the future. As discussed above, we're well-positioned to win and generate additional value—seizing on immense market opportunities and leveraging the strategic intersections and competitive advantages within and across our businesses. Future success requires us to continue innovating and evolving each and every day while nurturing the culture that has made us successful for so many years. We remain intensely focused on meeting and anticipating customers' needs, delivering unique solutions with speed and impact.

Our leadership transition has been a collaborative, gratifying process. We share a deep respect and affinity for Principal and a firm belief that with a clear strategy and the talents of committed employees around the globe, our best days lie ahead.

Thank you for your investment in Principal and your belief in our ability to build and deliver long-term value for you and all stakeholders.



Daniel J. Houston
Executive Chairman
Principal Financial Group®



Deanna D. Strable
President and CEO
Principal Financial Group®

From our Board of Directors

From our Lead Independent Director on behalf of the Board of Directors

As I look back on 2024, I'm proud of the work the Board of Directors did to represent and advocate for the best interests of Principal Financial Group shareholders. Nowhere was that more evident than in the work done to ensure a successful transition of company leadership—a key role of any board.

We had a strong succession plan in place, and we engaged in numerous, thoughtful conversations about when the time would be right for a new leader and who the best leader would be. Both the Board and Dan Houston—operating in his capacity as Chairman, President, and CEO at the time—invested a great deal of energy into choosing the new leader.

In Deanna Strable we found a leader who is committed to this company at her core. Deanna possesses deep knowledge of the opportunities available in the marketplace and the positional and capability advantages that set Principal apart. Her vast experience throughout the organization over 35 years—including working internationally, leading a business, serving as CFO, and leading strategy—gives her a unique perspective she can draw from as she ensures the company continues to deliver on its purpose, meet customers' evolving needs, and drive additional shareholder value.

I'm confident Deanna's vision and skillset will drive continued growth for Principal. Deanna co-architected the enterprise strategy currently delivering strong results for Principal. She will build on all that has been successful in the past and is clear on the foundational areas she believes need to improve to ensure future success.

Deanna will have great support as she pursues these goals. I've witnessed the talented and cohesive leadership team who surround her and help drive the strategy and success of the organization. They're excited for Deanna to take the baton from Dan and step into this new role. Their excitement echoes that of the Board, whose full support is with Deanna.

Delivering for you

Dan and Deanna summarized the key 2024 results in their letter, and I echo their sentiment that it was a strong year. I commend them and the entire team for continually delivering on the commitments they've set forth, an accomplishment that requires focus and discipline—two traits that are hallmarks of this leadership team.

Included in their letter is the commitment to create long-term shareholder value. As Dan and Deanna mentioned, in 2024, Principal returned \$1.7 billion of capital to shareholders, above the midpoint of our 2024 guidance. The company also increased its annual common stock dividend by 10 percent on a trailing 12-month basis, aligned with the 40 percent dividend payout ratio and underscoring our confidence in continued growth and strong performance.

I want to highlight not just these strong results, but the way they were achieved. In March 2024, Principal once again earned recognition as one of Ethisphere's World's Most Ethical Companies—the 13th time Principal has been included on the list. And in February 2025, Principal ranked No. 11 on JUST Capital's 2025 list of America's Most JUST Companies. This award recognizes Principal as the industry leader for insurance, acknowledging its commitment to addressing the issues that matter most to its workers, customers, communities, the environment, and shareholders. The company's commitment to integrity and living its values is commendable, and these recognitions should be a source of great pride for all shareholders.

Looking forward

Please know that the Board appreciates your investment in Principal, and we take seriously our responsibility to maximize that investment. It's a privilege to do this work on your behalf.

We feel fortunate to have had a productive and successful relationship with Dan over the past decade. We're grateful to continue benefiting from his leadership in his role as executive chair during this transition. And we congratulate Deanna on becoming the 16th person to lead Principal in the company's 145-year history. We look forward to all she and her team will accomplish together. The Board and I will do all we can to support her success.



A handwritten signature in black ink that reads "Scott Mills".

Scott M. Mills
Lead Director
Principal Financial Group®

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